

Translation

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Summary of Consolidated Financial Results for the Three Months Ended September 30, 2023 (Based on Japanese GAAP)

November 8, 2023

Company name: System Support Inc.
 Stock exchange listing: Tokyo
 Stock code: 4396 URL <https://www.sts-inc.co.jp>
 Representative: Representative Director Ryoji Koshimizu
 General Manager of Management
 Inquiries: Naoyuki Morita TEL 076-265-5151
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2023	5,034	14.3	399	31.2	404	30.7	282	37.3
Three months ended September 30, 2022	4,404	18.4	304	26.4	309	24.3	205	26.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended September 30, 2023	27.32		27.27	
Three months ended September 30, 2022	19.89		19.85	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	8,777	4,295	48.9
As of June 30, 2023	8,870	4,124	46.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2023	–	15.00	–	17.00	32.00
Year ending June 30, 2024	–				
Year ending June 30, 2024 (Forecast)		18.00	–	18.00	36.00

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2023	10,634	15.4	862	16.1	856	13.1	567	11.6	54.82
Full year	21,784	13.1	1,763	21.0	1,755	19.8	1,167	15.6	112.75

4. Notes

- (1) Changes in significant subsidiaries during the three months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	10,380,000 shares	As of June 30, 2023	10,380,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	25,026 shares	As of June 30, 2023	25,026 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2023	10,354,974 shares	Three months ended September 30, 2022	10,357,636 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,568,978	3,603,903
Notes and accounts receivable - trade, and contract assets	3,249,469	3,108,164
Merchandise and finished goods	41,076	37,586
Work in process	25,611	45,683
Supplies	3,050	2,849
Other	252,583	283,649
Allowance for doubtful accounts	(827)	(974)
Total current assets	7,139,941	7,080,863
Non-current assets		
Property, plant and equipment	474,225	453,548
Intangible assets		
Goodwill	170,561	163,251
Other	130,026	126,001
Total intangible assets	300,588	289,252
Investments and other assets	956,086	953,952
Total non-current assets	1,730,900	1,696,753
Total assets	8,870,841	8,777,616

(Thousands of yen)

	As of June 30, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	596,108	567,269
Short-term borrowings	695,000	1,106,000
Current portion of long-term borrowings	60,866	60,758
Lease liabilities	52,376	51,793
Income taxes payable	235,660	163,933
Provision for bonuses	10,778	312,746
Reserve for quality assurance	12,739	12,548
Other	2,208,524	1,471,939
Total current liabilities	3,872,054	3,746,987
Non-current liabilities		
Long-term borrowings	253,274	238,715
Lease liabilities	146,348	133,928
Provision for retirement benefits for directors (and other officers)	260,754	263,121
Retirement benefit liability	197,617	26,587
Other	16,148	72,531
Total non-current liabilities	874,142	734,884
Total liabilities	4,746,197	4,481,872
Net assets		
Shareholders' equity		
Share capital	723,323	723,323
Capital surplus	549,837	549,837
Retained earnings	2,923,524	3,030,388
Treasury shares	(18,826)	(18,826)
Total shareholders' equity	4,177,860	4,284,724
Accumulated other comprehensive income		
Foreign currency translation adjustment	9,402	11,020
Remeasurements of defined benefit plans	(62,617)	–
Total accumulated other comprehensive income	(53,215)	11,020
Total net assets	4,124,644	4,295,744
Total liabilities and net assets	8,870,841	8,777,616

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Net sales	4,404,175	5,034,008
Cost of sales	3,218,787	3,634,248
Gross profit	1,185,387	1,399,759
Selling, general and administrative expenses	880,610	999,765
Operating profit	304,777	399,993
Non-operating income		
Interest income	15	33
Commission income	5,010	3,635
Subsidy income	2,152	500
Dividend income of insurance	972	1,236
Other	1,075	4,256
Total non-operating income	9,226	9,662
Non-operating expenses		
Interest expenses	4,416	5,399
Foreign exchange losses	132	–
Other	254	147
Total non-operating expenses	4,802	5,547
Ordinary profit	309,200	404,108
Extraordinary income		
Gain on termination of retirement benefit plan	–	22,988
Total extraordinary income	–	22,988
Profit before income taxes	309,200	427,096
Income taxes	103,201	144,233
Profit	205,999	282,863
Profit attributable to owners of parent	205,999	282,863

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit	205,999	282,863
Other comprehensive income		
Foreign currency translation adjustment	1,897	1,618
Remeasurements of defined benefit plans, net of tax	1,693	62,617
Total other comprehensive income	3,591	64,236
Comprehensive income	209,590	347,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	209,590	347,099